SASKATCHEWAN WORKERS' COMPENSATION BOARD

ANNUAL REPORT

1,375
18,332
3,918
10,307
22,079
56,011

1,375
12,770
1,395
2,485
2,277
20,302

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Vision / Mission Statement

The Saskatchewan Workers' Compensation Board's mission and sole purpose is to serve injured workers and their employers. Our vision is to excel in the development and delivery of workers' compensation and injury prevention programs and services.

In support of our mission and vision we will:

1. Provide the right service, at the right time, and be cost-effective in our processes.
2. Act with dignity and treat everyone with respect.
3. Conduct our business in a fair, open, honest and professional manner.
4. Bring about positive relationships with workers, employers, and others affected by the workers' compensation system.
5. Communicate our distinct identity, benefits and values.
6. Expect and recognize individual and corporate achievements and contributions to our workplace.
7. Ensure the financial integrity of the Workers' Compensation Board.

Statement of Beliefs

The Statement of Beliefs is rooted in the Meredith Principles and describes what the WCB holds to be true about Saskatchewan's compensation system, our stakeholders, and the nature of our relationships with workers, employers and the people of Saskatchewan.

Our corporate beliefs are:

1 Injured workers and employers deserve excellent service.

2 Workers, employers, and others deal with us honestly.

3 Employers care about their employees and care that their employees receive excellent service.

4 The WCB's future relies on positive relationships built on trust, understanding and co-operation in our programs and decisions.

5 WCB employees want to excel in customer service.

6 The WCB is guided by its corporate values in all of its decisions.

Values Statement

Our corporate values are the standards by which our actions and decisions are to be considered and judged by others.

1 Dignity – those we serve and those we work with are treated with respect and consideration.

2 Fair – those we serve and those we work with are treated equally and without prejudice or bias.

3 Honest – those we serve and those we work with are treated truthfully.

4 Open – our programs and services are easy to access and to understand. Our decisions and actions are clear, reasonable and open to examination.

The Meredith Principles

The Meredith Principles were articulated by Sir William Meredith in Ontario in 1910 and later adopted by all Canadian provinces and territories. Saskatchewan's compensation system began with these Meredith Principles in 1930 and has continually reaffirmed their importance.

The Meredith Principles ensure that the compensation system contributes to social and economic stability, and positively affects quality of life in Saskatchewan.

1 No fault compensation: every work-related injury is covered regardless of who is to blame – the employee, employer or co-worker.

2 Security of benefits: the system shall be fully funded to ensure that there are sufficient funds to meet current and future costs arising from work injuries.

3 Collective employer liability: all employers contribute to the system based on industry groupings, thus ensuring certainty of payment for injured workers and removing the risk of bankruptcy for employers.

4 Independence of the Board: the system shall be governed by an independent Board which can fairly serve and respond to the needs of workers and employers without partisan political influence.

5 Exclusive jurisdiction: the Board has exclusive jurisdiction so that each claim can be considered on its individual merits and benefits can be provided promptly without the need to sue for damages.

Year at a Glance

	2003	2002	2001	2000	1999
Number of workers covered *	**309,362**	306,518	308,719	306,469	305,103
Lost time claim rate (per 100 workers)**	**4.81**	4.95	4.79	4.71	4.30
Number of claims reported	**38,919**	39,821	38,240	37,717	36,346
Number of lost time claims accepted**	**14,876**	15,174	14,786	14,433	13,108
Permanent Functional Impairment awards	**469**	484	407	443	390
Fatal claims accepted	**26**	16	29	35	31
Number of appeals filed					
Appeals Committee	**1,081**	979	826	873	813
Board Level	**240**	297	246	201	212
Return to work percentages					
Secondary treatment centres	**87%**	90%	91%	85%	87%
Tertiary treatment centres	**73%**	69%	66%	66%	67%
Claims costs (in millions)	**199.2**	†221.1	†239.3	†146.0	142.1
Active employer accounts ***	**31,630**	31,327	31,225	31,657	32,454
Premium revenue (in millions)	**177.6**	†154.4	147.8	124.8	141.5
Average actual premium rate****					
(per $100 of insurable earnings)	**1.83**	1.65	1.57	1.61	1.66
Investment revenue (in millions)	**48.0**	46.0	72.0	105.6	96.2
Benefits liabilities (in millions)	**801.8**	778.5	700.5	†631.1	592.1
Reserves and Injury Fund (in millions)	**(51.4)**	(43.5)	50.0	†105.8	†132.3

* Full-time equivalent workers based on Statistics Canada average wage and WCB payroll information as of December 31st. 2003 full-time equivalent workers based on estimate of both average wage and payroll information.

** Number of time loss claims and the lost time claim rate are as at December 31st.

*** Includes active employers as at December 31st.

**** Revised for 2003 reporting year to demonstrate effective rate, net of merit/surcharge. All years, except for 2003, are actual rates. 2003 is a provisional rate.

† Certain comparative figures have been changed to conform to the current year's presentation.

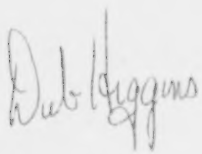
104-05090/

Letters of Transmittal

The Honourable Lynda Haverstock
Lieutenant Governor
Province of Saskatchewan

May it please Your Honour:

I respectfully submit the Annual Report of the Workers' Compensation Board for the Calendar Year 2003.

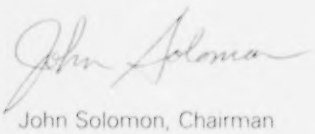


Debra Higgins
Minister of Labour

The Lieutenant Governor in Council:

We are pleased to submit the seventy-fourth Annual Report of the Workers' Compensation Board for the year ending December 31, 2003.

Respectfully submitted,



John Solomon, Chairman

N.J. Brown, Board Member

Walter Eberle, Board Member

Chair's Message

Board Members l. to r.:
Walter Eberle
Labour representative
John Solomon
Chairman
Norm Brown
Employer representative

In a "perfect storm", a number of weather systems collide to produce unpredictable results. The dark economic clouds preceding 2003 ushered in that perfect storm for the Saskatchewan Workers' Compensation Board and for its stakeholders, when three exceptional circumstances struck simultaneously, creating a particularly unfavorable financial situation for the WCB.

From one side, the collapsing investment market cut deeply into our revenue for the better part of three years. From another side we faced the pressure of record-high injury rates, significantly driving up costs. The third factor in this perfect storm was the requirement to account for the entire 50-year cost of newly-legislated future benefits in the 2002 reporting year, adding to that year's already weakened financial performance.

As costs outstripped revenues and our reserve funds began to deplete, the WCB premium reductions we had seen in the late '90s quickly gave way to premium increases.

The Board Members – representing employers, workers and the government – were determined to keep a steady hand on the wheel. We kept the focus on continuous improvement in pursuit of our vision: excellence in injury prevention and workers' compensation.

- We directed the WCB administration to aggressively pursue internal efficiencies and cost reductions.
- We introduced a renewed focus on injury prevention.
- We increased premiums to the extent that was required to maintain a self-sufficient system under our legislation.

To further mitigate the storm's effect, the Board directed the administration to develop an action plan to achieve three objectives:

- Make injury prevention a top priority.
- Put a check on administrative costs.
- Adopt a more effective case management system.

The administration responded energetically:

- Partnerships were forged with Saskatchewan Labour and the Saskatchewan Safety Council to begin developing injury prevention programs. The first of these – ***WorkSafe Saskatchewan*** – rolled out in 2003 with a province-wide awareness campaign.
- The WCB began working closely with the Saskatchewan Federation of Labour on injury prevention. One of the early outcomes has been the WCB's funding of a Ready for Work Coordinator who is now creating safety awareness among high school students.
- The Merit/Surcharge program is undergoing revisions to more closely reflect claims experience at the level of the individual employer.

As a result of these and other initiatives, we have been weathering the consequences of a sometimes unpredictable operating environment with renewed strength and focus:

- We are on target with our multi-year plan to rebuild reserves so that large premium increases in subsequent years can be mitigated.

- This is the second annual report in which the WCB can show that its internal administration costs are declining. Because of this, and the fact that a nation-wide comparison of WCBs shows our average administration cost per time loss claim is the second lowest in Canada, employers can be assured that internal costs do not contribute to premium increases.
- In 2003 the new, more effective case management system began to prove itself as we witnessed a reduction in claim duration.
- Working together, Board Members and administration staff have produced great strides in a more cost-effective appeal process. As a result, we have cut the time for Board-level appeals in half, and can report that the Saskatchewan WCB has the lowest cost per appeal decision of any compensation board in the country.

The Board's focus remains on excellence in the compensation system. We do this by providing policy directives to management that link our strategic plan with daily operational realities.

Sometimes this requires intervention in response to the voice of our stakeholders. For example, Board Members chose to lengthen the anticipated time for replenishing our reserves from 10 years to 15 years, so that the amount of required year-over-year premium increases can be amortized over a longer period. This action was taken in response to what stakeholders told us, but also with the knowledge that 2003 has seen steadily improved investment markets, allowing the WCB to anticipate easing the pressure on premium rates in upcoming years.

Overall, 2003 saw the Saskatchewan WCB report the second-lowest average provisional assessment rate compared to other provinces. At the same time we achieved the second lowest cost of administration per time loss claim, we have seen our levels of service and benefits rise. That is all good news.

Will our action plan continue to be successful? Much of our future achievement will depend on the extent to which we can build a partnership with employers and workers focused on injury prevention.

Although the Saskatchewan WCB had one of the highest rates of investment returns among WCBs across Canada, the fact is that investment returns in 2003 are $58 million less than in 2000, and $24 million less than in 2001. However, the storm in the investment market has abated for the moment, with markets producing much improved returns in 2003. The good news is that the 2003 administrative costs of the compensation system continued to reflect the impact of cost saving and efficiency measures.

The real challenge will be to stem the increase in the number of Saskatchewan workers suffering injury. While the accident rate flattened in 2003, the long-term upward trend is alarming and has been a major factor in creating the past fiscal shortfalls the WCB has suffered.

We must press forward in pursuit of reduced injury levels.

Province-wide injury prevention is now the make-or-break strategy without which we cannot hope to reduce the rising human and financial costs of workplace injuries. Safety in the workplace and injury prevention are the major challenges to the WCB's pursuit of excellence and we will continue our efforts to find partners ready to tackle the safety issue cooperatively and effectively.

This is our direction – internal efficiencies, careful financial management and a focus on major change through injury prevention. Based on our progress in 2003, the Board's commitment is to continue steering this steady course in the year ahead.

John Solomon
Chairman

CEO's Message

Executive Members l. to r.:
Gail Kruger
Vice-President,
Prevention, Finance &
Information Technology
Graham Topp
Vice-President, Operations
Peter Federko
Chief Executive Officer
Donna Kane
Vice-President,
Human Resources &
Team Support

The financial and operational results for 2003 show that the WCB's outlook is gradually improving as we stay with a strict and strategic course. While the financial results are not yet stellar, I am pleased to report significant progress in the management of the compensation system.

Our administrative costs are now the lowest since 1998. Compared to all compensation boards across the country, national compensation statistics show Saskatchewan maintaining the second lowest administration cost per time loss claim.

There is also an improvement in the effectiveness of claims management, and the positive effect of this on the balance sheet. For example, the number of time loss claim days paid has decreased over the last two years by more than five days per claim. This is due primarily to the new organizational structure's focus on case management, with emphasis on return-to-work. As well, health care costs for injured workers held steady in 2003, following several consecutive years of increase. All of these positive outcomes in case management contributed to an actuarial adjustment for 2003 that was $18 million lower than the year before.

These operational successes have helped us remain on-track to eliminate the WCB's operating loss. The loss was reduced to $7.9 million in 2003, well below the $30 million loss that had been estimated, and leaving us on course to a fully-funded position.

Since 2001, when the new organizational and case management processes were introduced, both worker and employer satisfaction with our service have increased.

In terms of matters outside our direct control, results are mixed and significant challenges remain.

On the positive side, global investment markets returned to double digit growth – the first time since 1999. However, investment income continues to lag behind record 2000 levels by $58 million.

The dominant challenge remains the high and growing rate of injuries. More than any other single factor, the increase in injuries directly creates higher costs for the compensation system. These rates have steadily increased over the last decade.

While we were encouraged by a slight easing of the injury rate in 2003 to 4.81% from 4.95%, we must continue to flag this serious statistic. Every 100 time loss claims equals $1 million in claims costs every year.

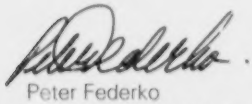
That is why the WCB's goal is to reduce the annual injury rate to 4.0% by 2007. This nearly 20% reduction is an ambitious goal, and will require many partners and broad thinking about all the factors in our society that cause injury and reduce productivity.

The payback from an investment in safety can be enormous. Even the slight drop in the injury rate in 2003 had an immediate financial impact: it was key to our actuaries moderating their estimate of the liability required to cover the future costs of today's claims.

For the WCB's operations, 2003 results reinforce our commitment to holding a steady course:

- We will continue our internal case management programs that have created efficiencies and increased effectiveness.
- We will adhere to our rate plans to achieve fiscal stability and replenish reserves over a graduated timeframe.
- We will continue to look for internal administration efficiencies. Since recording the second-lowest administration cost per time loss claim in Canada, we know that administration costs have not been a factor in the current premium increases. However, keeping those costs low requires constant attention.
- We will continue to invest in injury prevention programs. In fact, our goal will be to expand partnerships with stakeholders so that together we can mobilize an effective counter-force to the rising cost of workplace injury.

We look forward to a 2004 in which our commitment to the existing strategy produces continued improvement in financial stability and program effectiveness, along with powerful new stakeholder partnerships.



Peter Federko
Chief Executive Officer

Management Discussion and Analysis

The Management Discussion and Analysis is an integral part of the Workers' Compensation Board's annual report, providing further insight into the organization's operations and financial position. The discussion and analysis should be read in conjunction with the audited financial statements and supporting notes.

2003 saw a marked improvement in the WCB's financial performance, with a year-end deficit of $7.9 million, compared to the 2002 shortfall of $93.5 million. Improvements in claims experience and increased revenue from premiums contribute to the overall performance improvement.

Revenues Increase by 12.6%

The WCB's revenue is derived from two sources: premium revenue and investment income. In 2003, revenues totaled $225.6 million, a 12.6% increase over 2002 revenues of $200.4 million.

A 10.9% increase in the average premium rate from $1.65 to $1.83, as well as a 5.3% increase in reported employer payroll resulted in premium revenue increasing to $177.6 million in 2003. This represented a 15.0% increase over last year's premium revenue of $154.4 million.

The year in review also saw an upturn in investment markets, particularly in the fourth quarter. 2003's strong results helped increase the WCB's investment income by $2.0 million over 2002.

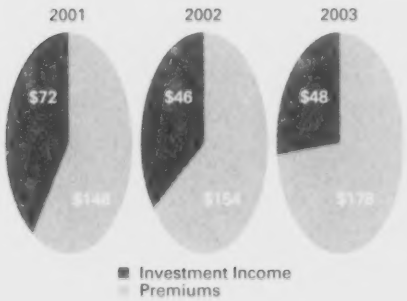
Canadian WCBs use a smoothing technique for investment income where gains and losses are smoothed into income over a number of years. This process results in the gains and losses in the current year being blended over time with the gains and losses from previous years. Therefore, even though the WCB's investment portfolio earned an actual return of 12.9% in 2003, this result is mitigated by this blending technique so that the reported return on investments for the purpose of financial statement reporting is 7.1%.

The WCB uses Generally Accepted Accounting Principles (GAAP) as outlined in the Canadian Institute of Chartered Accountants (CICA) Handbook. While most reporting is done according to GAAP for general insurance operations, Canadian WCBs use life insurance guidelines in accounting for investments. Recent changes to GAAP dictate that unless there is a specific industry provision in the CICA Handbook, organizations must follow the handbook in setting their accounting policies. Because the WCB is not a life insurer, it will no longer be permitted to use life insurance guidance. 2004 may see the organization change the way it accounts for investments. This would have a significant impact on the Saskatchewan WCB's financial position.

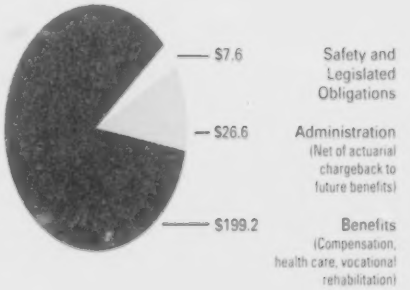
Claims Costs Decrease by 9.9%

The WCB's move to team-based case management is starting to show big dividends, with the number of days paid per time loss claim (including both open and closed claims) dropping to 37.0 days in 2003. This compares with 40.0 days in 2002 and 42.3 days in 2001. At the same time, the other major driver of claims costs – injury frequency – declined marginally in 2003. Time loss claims dropped by 298 over the reporting period – from 15,174 in 2002 to 14,876 in 2003.

SOURCES OF REVENUE (IN MILLIONS)

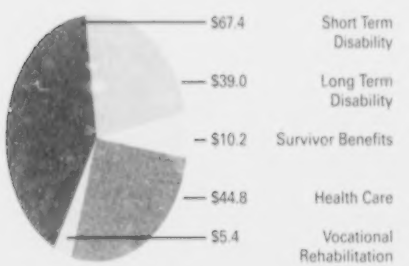


ALLOCATION OF EXPENSES 2003 (IN MILLIONS)



Claims costs are made up of two components: the actual amounts spent on programs throughout the year and the increase in the WCB's benefits liabilities which forecasts the amount required to pay the future costs of today's claims. Overall,

PROGRAM EXPENSES (IN MILLIONS)
Excluding actuarial adjustments – see Note 9 in the financial statements



claims costs decreased from $221.1 million in 2002 to $199.2 million in 2003.

The component of claims costs known as "program expenses" include the following: short term disability (compensation), long term disability (earnings replacement), health care (payments to caregivers) and vocational rehabilitation. In 2003, program expenses decreased by $6.2 million from $173.0 million in 2002 to $166.8 million in 2003.

As well as the drop in the number of days paid per time loss claim and the decrease in volume of time loss claims reported, other factors contributed to 2003's lower program expenses. For example, a major project to review all time loss claims older than six months was completed in 2003, resulting in claimants returning to work, files being closed and claims converted to earnings replacement from short term disability.

Health care payments declined by $2.1 million in 2003, largely attributed to faster worker access to secondary and tertiary rehabilitation, with fewer workers using this level of service. A change to the WCB's travel policy for care provider visits also helped lower health care costs.

Compared to 2002, the WCB referred 40 fewer clients to vocational rehabilitation and reduced the number of open files in this area by 184. Additionally, increased scrutiny of self-employment initiatives saw a 50% reduction in the number of these initiatives receiving funding from the WCB.

Benefits Liabilities See Smaller Increase

The increase to the benefits liabilities (or actuarial adjustment) for 2003 is $20.7 million, excluding the adjustment for future benefits administration. This compares favourably to the 2002 adjustment of $39.3 million. Looking at it from a different viewpoint, the benefits liability increased by 5.9% in 2002 while the increase was only 2.8% in 2003.

The trend toward declining claims durations meant only a marginal increase of $0.8 million in the actuarial adjustment for short-term disability compensation. This compares with 2002's increase of $29.0 million.

The $15.9 million increase to the long-term disability and survivors' benefits portion of the benefits liabilities is driven by two major factors: the Consumer Price Index adjustment to earnings replacement benefits and the claim file review. This claim review resulted in an increase to the benefits liabilities for long term disability. It also meant a smaller increase to the benefits liabilities overall, since the liabilities for short term disability increased only marginally. In the non-pension category (health care, vocational rehabilitation, short-term disability), the 2003 total change to the benefits liabilities was $4.8 million—a sharp contrast to 2002's change of $31.7 million.

The benefits liabilities for health care increased by $4.2 million or 3.3% in 2003, compared to $12.3 million or 10.6% in 2002. The trend toward fewer treatments helped slow this increase, although health care expenditures overall continue to rise at a rate of more than 5% per year. In vocational rehabilitation, the decrease to the benefits liabilities was marginal at $0.2 million in 2003. This compares to a $9.6 million decrease in 2002, resulting from an $18.1 million actuarial adjustment.

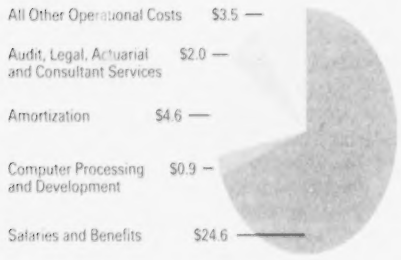
Administration Expenses Decrease by 5.3%

Despite an increase of 3% to salaries, administration expenses declined to $35.6 million before costs charged to Future Benefits Administration. In fact, the WCB's administration costs are now the lowest since 1998.

Administration costs have not been a contributing factor to increased employer premium rates. For example, in 2002 the administration component of the average rate was $0.48 or 29.1%, and in 2003 it was $0.47 or 25.6% of the average premium rate. The administration component of the rate also includes legislated obligations.

Most recent measures compiled by the national association of Canadian workers' compensation boards (AWCBC) show Saskatchewan recording the second-lowest administrative cost per time loss claim of all Canadian WCBs.

COMPONENTS OF ADMINISTRATIVE COSTS (IN MILLIONS)


All Other Operational Costs $3.5
Audit, Legal, Actuarial and Consultant Services $2.0
Amortization $4.6
Computer Processing and Development $0.9
Salaries and Benefits $24.6

2003 Legislated Obligations

Under The Workers' Compensation Act, 1979, the WCB is obliged to fund operations administered by the Department of Labour. In 2003, that funding amounted to $7.6 million, and was directed to the Office of the Workers' Advocate, the Occupational Health and Safety Division (OH&S), and the Education and Training (formerly Prevention Services) branch. Another $.01 million was paid for expenses on behalf of Committee of Review.

Risk Management Plan Reaffirmed

The organization's risk management plan reaffirms the WCB's strategy for identifying and controlling circumstances that have the potential to create financial, operational and governance risks. This risk management plan allows the WCB to monitor, manage and mitigate risk, ensuring safeguards are in place to limit exposure to obstacles to achieving the organization's strategic goals.

Introduced in 2002, the WCB's risk management plan remains relevant today, as the organization continues to take action to reduce the impacts of known business risks. (The full risk management plan can be seen in the WCB's 2003 Stakeholder Report.)

For example, over the past several years, continued increases in the injury rate have resulted in increased claims volumes to create greater cost pressures on the compensation system. The WCB has called on its stakeholders to share in the responsibility for reducing this risk through concentration on building safety and injury prevention programs in the workplace.

At the same time, the WCB is demonstrating its own determination to reduce the costs of workplace injuries. Enhancements to the experience rating program to be introduced in 2004 should more fairly recognize employers for their positive claims experience. As well, more opportunities are being sought for partnerships with Saskatchewan Labour and other organizations such as the Saskatchewan Safety Council in initiatives geared to injury prevention.

AVERAGE ASSESSMENT RATES PER $100.00 PAYROLL 1999 - 2003

Jurisdiction	1999	2000	2001	2002	2003
Alberta	1.07	1.12	1.31	1.64	1.83
B.C.	1.88	1.73	1.78	1.87	1.92
Manitoba	1.46	1.49	1.52	1.49	1.56
N.B.	1.67	1.67	1.58	1.86	2.07
Nfld	2.97	3.23	3.22	3.50	3.24
NWT/NU	1.20	1.04	1.18	1.28	1.60
N. S.	2.56	2.55	2.49	2.50	2.54
Ontario	2.42	2.29	2.13	2.13	2.19
P.E.I.	2.11	2.08	2.29	2.34	2.39
Quebec	2.22	2.07	1.90	1.85	1.93
Sask.	1.66	1.61	1.57	1.65	1.83
Yukon	1.26	1.29	1.30	1.28	1.41

Note

Comparisons of average assessment rates can be very misleading and are influenced by the various methods adopted by WCBs for developing these averages. For example, weighting of individual rates by payroll or by industry can significantly impact the average rate. The mix of industry, the varying benefit levels and earnings ceilings, extent of industry coverage and degree of funding of liabilities can also result in distorted comparisons of average assessment rates by jurisdiction. Extreme caution should, therefore, be exercised in how average WCB assessment rates are used.

All rates, except for the most recent years, are the actual average assessment rates for all jurisdictions except Ontario and Quebec. Ontario and Quebec rates for all years are provisional average assessment rates that are set at the beginning of each year.

2003 FINANCIAL REPORT

Financial Information

WORKERS' COMPENSATION BOARD (SASKATCHEWAN)

RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements are the responsibility of management and have been prepared in conformity with Canadian generally accepted accounting principles. The preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Board. Management maintains an extensive system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements. The adequacy and operation of the control systems are monitored on an ongoing basis.

An independent actuary has been engaged to carry out a valuation of the benefits liabilities. The actuary makes use of management information provided by the Board and relies on the work of the external auditors in verifying the data used in the valuation. The scope of their valuation and opinion are given in the Actuarial Certificate.

The financial statements have been examined and approved by the Board of Directors. The Board of Directors meets periodically with financial officers of the Board and the external auditors.

Deloitte & Touche has been appointed external auditors to report to the Members of the Board regarding the fairness of presentation of the Board's financial position and results of operations as shown in the financial statements. In carrying out their audit, the external auditors place reliance on the work of the actuary and his report on the benefits liabilities. The Auditors' Report outlines the scope of their examination and their opinion.

Gail Kruger, CMA
Vice-President,
Prevention, Finance &
Information Technology

Osvaldo Montanini, CMA
Director, Finance & Administration

February 27, 2004

TO THE BOARD OF DIRECTORS OF THE SASKATCHEWAN WORKERS' COMPENSATION BOARD

We have completed an actuarial valuation as at December 31, 2003 of the liabilities for benefits payable in the future under the Workers' Compensation Act – Saskatchewan in respect of claims that occurred prior to the valuation date.

We have analyzed the claims data on which the valuation has been based and have performed tests to confirm the reasonableness of the data and its consistency with the data used for valuations in prior years. In our opinion, the claims data is sufficient and reliable for the purposes of the valuation.

The actuarial valuation of the benefits liability of $801,777,000 represents the actuarial present value at December 31, 2003 of all payments expected to be made in future years in respect of all claims occurring on or before December 31, 2003.

The valuation was based on the provisions of the Workers' Compensation Act in effect as of December 31, 2003 and reflected the legislated increases in the maximum wage rate scheduled for 2004 and 2005. The benefits liability includes provision for claims arising in the future in respect of latent occupational diseases only to the extent that such claims have been experienced in the past. It also includes provision for future expenses relating to the administration of existing claims. Payments made by the Board on a self-insured basis are excluded from the valuation of the benefits liability.

The actuarial assumptions and methods employed in the valuation represent the best estimate of the Board's future obligations based on the provisions of the Workers' Compensation Act at the valuation date, the Board's current practices and administrative procedures and the pattern of claims costs experienced prior to the valuation. In our opinion, for the purposes of the valuation, the actuarial assumptions are appropriate and the methods employed are consistent with sound actuarial principles.

Our actuarial report has been prepared and our opinions have been given in accordance with accepted actuarial practice.

HEWITT ASSOCIATES

J. Allan Brown
Fellow, Canadian Institute of Actuaries

Peter M. Muirhead
Fellow, Canadian Institute of Actuaries

February 27, 2004

AUDITORS' REPORT

To the Members of the Workers' Compensation Board (Saskatchewan)

We have audited the statement of financial position of the Workers' Compensation Board (Saskatchewan) as at December 31, 2003 and the statements of operations and injury fund and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Workers' Compensation Board as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

Regina, Canada

February 27, 2004

Statement of Financial Position

As at December 31, 2003

	2003	2002
	(thousands of dollars)	
Assets		
Cash and short-term investments	**$ 25,711**	$ 25,916
Accounts receivable (note 4)	**33,035**	33,497
Accrued interest	**3,085**	3,726
Investments (note 5)	**807,629**	783,569
Property, plant and equipment (note 6)	**20,051**	20,302
	$ 889,511	$ 867,010
Liabilities		
Accounts payable and accrued liabilities (note 7)	**$ 30,148**	30,716
Benefits liabilities (note 9)	**801,777**	778,461
Annuity fund payable	**108,953**	101,328
	940,878	910,505
Deficiency in Assets (note 10)	**(51,367)**	(43,495)
	$ 889,511	$ 867,010

See accompanying notes to financial statements.

On behalf of the Board:

John Solomon
Chairman

Norm Brown
Board Member

Walter Eberle
Board Member

Statement of Operations and Injury Fund

Year ended December 31, 2003

	2003	2002
	(thousands of dollars)	
Revenues:		
Premiums (note 11)	**$ 177,613**	$ 154,421
Investment income (note 5)	**47,954**	45,955
	225,567	200,376
Expenses:		
Claim costs (note 9)	**199,153**	221,106
Administration (Schedule 1)	**26,662**	28,608
Department of Labour (note 8)	**7,615**	7,245
Committee of Review	**9**	190
	233,439	257,149
Expenses over revenues before the following:	**(7,872)**	(56,773)
Provision for increased benefits legislated by The Workers' Compensation Amendment Act, 2002	**–**	(36,697)
Expenses over revenues	**(7,872)**	(93,470)
Injury Fund, beginning of year (note 10)	**(71,958)**	–
Appropriation from Economic Stabilization Reserve (note 10)	**–**	21,512
Injury Fund, end of year (note 10)	**$ (79,830)**	$ (71,958)

See accompanying notes to financial statements

Statement of Cash Flows

Year ended December 31, 2003

	2003	2002
	(thousands of dollars)	
OPERATING ACTIVITIES		
Cash received from:		
Premiums (note 11)	**$ 182,963**	$ 156,868
Dividends and interest	**28,745**	32,294
	211,708	189,162
Cash paid to:		
Claimants, or third parties on their behalf	**165,381**	170,054
Employees and suppliers, for administrative and other goods and services	**34,292**	36,775
Department of Labour and safety associations	**10,614**	10,846
	210,287	217,675
Net cash provided by (used in) operating activities	**1,421**	(28,513)
INVESTING ACTIVITIES		
Cash received from:		
Sale and maturity of investments	**1,113,858**	1,147,526
Disposal of property, plant and equipment	**–**	250
	1,113,858	1,147,776
Cash paid for:		
Purchase of investments	**1,110,599**	1,096,244
Purchase of property, plant and equipment	**4,885**	4,961
	1,115,484	1,101,205
Net cash (used in) provided by investing activities	**(1,626)**	46,571
(Decrease) increase in cash during the year	**(205)**	18,058
Cash and short-term investments, beginning of year	**25,916**	7,858
Cash and short-term investments, end of year	**$ 25,711**	$ 25,916

See accompanying notes to financial statements

Notes to Financial Statements

December 31, 2003

1. Status of the Board:

The Workers' Compensation Board (the Board) operates under the authority of The Workers' Compensation Act, 1979 (the Act).

In accordance with the provisions of the Act, the Board's purpose is to provide workers' compensation insurance to Saskatchewan workers and employers.

2. Significant Accounting Policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management believes its estimates and assumptions are appropriate; however, actual results could differ from the amounts estimated.

The Board's significant accounting policies are summarized as follows:

Cash and Short-term Investments

(i) Short-term investments are recorded at the lower of cost and market value.

(ii) Cash and short-term investments are funds consisting of cash and money market instruments which will be liquidated in the near term.

Investments

(i) Bonds and debentures are recorded at cost with any discount or premium amortized on a straight-line basis over the period remaining to the maturity date of the investment.

(ii) Equities, pooled equity funds, pooled bond funds and real estate are valued using a five-year moving average of market values, thereby allowing for a gradual movement toward current market values.

(iii) Mortgages are recorded at cost and the principal is reduced by principal repayments throughout the year.

(iv) Gains or losses on the sale of bonds and debentures are amortized over the remaining period to maturity of the security sold.

(v) Transactions in bonds and equities are recorded as of the trade date.

(vi) A permanent impairment of an investment is recognized immediately.

Property, Plant and Equipment

Property, plant and equipment is recorded at cost and is amortized over the estimated useful lives of the assets. Amortization is recorded on a straight-line basis, at the following rates:

Building	2.50%
Office furnishings	10.00%
Computer equipment	20.00%
Software development	33.33%

Premium Revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by instalments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

Benefits Liabilities

The benefits liabilities are determined annually by an actuarial valuation which establishes the amount of this provision for future payments and the future cost of administering claims relating to claims incurred on or before December 31. The provision at December 31, 2003 has been determined by estimating future benefits payments in accordance with the Board's administrative policies and practices in effect at December 31, 2003.

Benefits liabilities do not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers. Also, no provision has been made for future claims relating to occupational diseases and injuries that are not currently considered to be work-related.

Annuity Fund Payable

The annuity fund is established pursuant to sections 74 and 83(5) of the Act, to provide injured workers and dependent spouses for the loss of retirement income due to a workplace injury. The fund represents 10% of eligible payments already made plus interest calculated at the Board's actual rate of return on its investments for the year. This liability is not discounted and a separate fund of investments is not maintained.

All future costs, excluding interest, are provided for as part of benefits liabilities.

Foreign Currency Translation

Expenditures and receipts, with the exception of investments, denominated in foreign currency are translated into Canadian dollars at the exchange rate in effect at the date of the transaction. Foreign currency gains and losses for investments are recorded in the same manner as other investment gains and losses.

Employee Future Benefit Plans

The cost of pensions and other retirement benefits earned by employees is determined using the projected benefit method pro rated on service and management's best estimate of expected plan investment performance, salary escalation, retirement ages of employees and future pension indexing. The discount rate used to determine the accrued benefit obligation was determined by reference to market interest rates at the measurement date on high-quality debt instruments with cash flows that match the timing and amount of expected benefit payments. For purposes of calculating the expected return on plan assets, those assets are valued at fair value. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of the plan assets is amortized over the average remaining service life of active employees. At the discretion of the Lieutenant Governor in Council, pensions may be increased annually up to the rate of increase in the Consumer Price Index. For the defined contribution plan, employee contributions are matched by the Board and expensed in the period made.

3. Short-term investments:

All short-term investments are in Canadian securities. These investments have an aggregate principal amount of $26,309,000 (2002- $25,963,000) and are comprised of notes and commercial paper with effective interest rates of 2.57% to 3.59% (2002 - 2.62% to 3.04%).

4. Accounts Receivable:

	2003	2002
	(thousands of dollars)	
Premiums	**$ 9,940**	$ 11,240
Regina Qu'Appelle Health Region	**8,959**	8,959
Net accrued pension benefit asset (note 14)	**5,210**	4,955
Surcharge penalties	**4,570**	4,349
Other	**4,356**	3,994
	$ 33,035	$ 33,497

Accounts receivable are net of an allowance for doubtful accounts of $1,466,000 (2002 - $1,448,000).

The Board served notice to the Regina Qu'Appelle Health Region on July 16, 2001 of its intent to terminate without cause the agreement between the Board and the Regina Qu'Appelle Health Region regarding the Wascana Rehabilitation Centre. The agreement allows three years from the date the notice is served for payment of the outstanding amount owing to the Board. The amount owing is the depreciated value of the facility.

5. Investments:

(a) The carrying amount and fair value of investments are as follows:

	2003		2002	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
		(thousands of dollars)		
Bonds, debentures & pooled bond fund	**$ 358,710**	**$ 367,494**	$ 354,603	$ 365,798
Equities and pooled equity funds	**340,634**	**440,152**	346,110	379,247
Real estate and mortgages	**47,585**	**52,351**	44,440	47,739
Unamortized gains and losses	**60,700**	**-**	38,416	-
	$ 807,629	**$ 859,997**	$ 783,569	$ 792,784

Details of significant terms and conditions, exposures to interest rate and credit risks on investments are as follows:

(i) Bonds and debentures:

		2003		2002	
	INTEREST RECEIVABLE BASIS	EFFECTIVE RATES (% RANGE)	COUPON RATES (% RANGE)	EFFECTIVE RATES (% RANGE)	COUPON RATES (% RANGE)
Government of Canada	semi-annual	**3.05-5.42%**	**3.00-8.00%**	3.26-5.75%	3.50-6.00%
Provincial Securities	semi-annual	**4.32-6.66%**	**4.40-10.00%**	2.50-6.69%	5.20-8.75%
Corporate Securities	semi-annual	**4.03-7.82%**	**4.00-9.00%**	3.09-8.50%	4.82-9.00%

The principal amount and carrying amount are shown by contractual maturity. Actual maturity may differ from contractual maturity because certain counterparties have the right to call or prepay certain obligations with or without call or prepayment penalties.

	2003		2002	
TERM TO MATURITY	PRINCIPAL AMOUNT	CARRYING AMOUNT	PRINCIPAL AMOUNT	CARRYING AMOUNT
		(thousands of dollars)		
Government of Canada Securities				
One through five years	**$ 93,476**	**$ 94,588**	$ 120,782	$ 124,087
After five years	**89,580**	**94,954**	61,454	62,534
Provincial Securities				
One through five years	**9,617**	**9,672**	19,899	20,359
After five years	**53,114**	**54,981**	42,447	42,579
Corporate Securities				
One through five years	**28,292**	**28,496**	32,593	32,905
After five years	**38,356**	**38,556**	32,439	32,555
	$ 312,435	**$ 321,247**	$ 309,614	$ 315,019

(ii) Equities and pooled equity funds:

The Board's investments in equities and pooled equity funds have no fixed maturity dates and are generally not exposed to interest rate risk. Dividends are generally declared on a quarterly basis. The rates range from 0% to 5.67% on these investments (2002 - 0% to 6.08%).

The Board has an investment of $51,039,000 (2002 - $52,375,000) in a pooled equity fund for Europe, Asia, and the Far East representing 4.15% (2002 - 4.13%) of the pooled fund's total units. The Board also has an investment of $59,566,000 (2002 - $57,977,000) in a pooled global equity fund representing 9.93% (2002 - 9.08%) of the pooled fund's total units.

(iii) Pooled bond funds:

The Board's investment of $37,463,000 (2002 - $39,584,000) in a Canadian corporate pooled bond fund has no fixed maturity date. The investment represents 11.02% (2002 - 10.24%) of the pooled fund's total units.

(iv) Real estate

All of the Board's real estate holdings are in Canadian commercial property.

(b) Net investment income was derived from the following sources:

	2003	2002
	(thousands of dollars)	
Cash and short-term securities	**$ 997**	$ 824
Bonds, debentures and pooled bond funds	**20,971**	22,989
Equities and pooled equity funds	**23,491**	19,698
Mortgages	**–**	(3)
Real estate	**3,906**	3,946
Other	**82**	64
Investment expenses	**(1,493)**	(1,563)
	$ 47,954	$ 45,955

(c) Market Risk

The Board invests in publicly traded equities and bonds available on domestic and foreign exchanges and in privately traded pooled equity and bond funds. These securities are affected by market changes and fluctuations. The Board does not use derivative financial instruments to alter the effects of these market changes and fluctuations. The Board limits its investment concentration in any one investee or related group of investees to 10% of the investee's share capital. In addition, no one holding can represent more than 10% of the market value of the Board's equity portfolio. Investment in pooled funds shall not exceed 10% of the market value of that pooled fund unless provision has been made to transfer assets out of the fund in kind.

(d) Credit Risk

Credit risk on financial instruments arises from the possibility that the issuer of a fixed-term instrument may fail to meet its obligations. Therefore, the Board's investment policy sets minimum quality standards. The policy allows for a maximum of 15% to be invested in BBB rated bonds and the remainder of the bonds must be rated A or higher. For short-term investments, the minimum quality standard is R-1. The Board does not anticipate that any issuers will fail to meet their obligations.

(e) Interest Rate Risk

Fluctuations in interest rates can impact the market value of the fixed-income portfolio, as well as shift investor preferences among asset classes. Interest rate risk is minimized by managing the duration of the fixed-income portfolio within predetermined prudent policy limits.

(f) Real Estate Risk

Risk in the real estate portfolio is managed through diversification across real estate types and locations. Adverse impacts in any one segment of the market or geographic location are minimized by having holdings diversified across property type, geographic location and investment size.

(g) Foreign Exchange Risk

The Board has certain investments denominated in foreign currencies. During 2003 the Board did not undertake hedging strategies for the currency risk of foreign investments and currency fluctuations influenced short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. The Board limits its holdings in foreign equities to 25% of the Board's total investment portfolio. As at December 31, 2003, the Board's holdings in foreign equities and pooled equity funds had a market value of $175,300,000 (2002 - $149,800,000) representing 19.8% (2002 - 18.3%) of the market value of the Board's total investment portfolio, including short-term investments.

6. Property, Plant and Equipment

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE 2003	2002
		(thousands of dollars)		
Land	$ 1,375	$ –	$ 1,375	$ 1,375
Building	19,568	6,282	13,286	12,770
Office furnishings	4,210	2,944	1,266	1,395
Computer equipment	10,843	8,705	2,138	2,485
Software development	24,370	22,384	1,986	2,277
	$ 60,366	$ 40,315	$ 20,051	$ 20,302

7. Accounts Payable and Accrued Liabilities

	2003	2002
	(thousands of dollars)	
Merit rebates	$ 13,172	$ 12,519
Occupational Health & Safety	6,339	6,072
Employee benefits liability	4,018	3,971
Premium refunds	3,356	3,941
Other payables	1,978	2,850
Workers' Advocate	687	636
Education and Training (formerly Prevention Services)	589	537
Committee of Review	9	190
	$ 30,148	$ 30,716

8. Department of Labour Expense

Section 117(g), (h) and (i) of the Act provides that the Board expend monies for the cost of administration of the industrial safety program; the expenses, including salaries and remuneration, of the office of the Workers' Advocate; and the expenses of any Committee of Review established under the Act.

	2003	2002
	(thousands of dollars)	
Occupational Health & Safety	$ 6,339	$ 6,072
Workers' Advocate	687	636
Education and Training (formerly Prevention Services)	589	537
	$ 7,615	$ 7,245

9. Benefits Liabilities and Claim Costs Expense:

Benefits liabilities represent an actuarially determined provision for future benefits payments and administration costs arising from both reported and unreported claims resulting from work related injuries that occurred on or before December 31, 2003.

Benefits liabilities are determined in accordance with standards established by the Canadian Institute of Actuaries. Future benefits payments have been discounted to their present value by applying a real interest rate of 3.5% per annum. The determination of the future benefits payments involves applying economic and actuarial assumptions and methods, based on past experience, modified for current trends. As these assumptions may change over time to respond to economic conditions or administrative policies and practices, it is possible that such changes could cause a material change to the actuarial present value of future benefits.

Long-term economic and actuarial assumptions and methods are reviewed annually, prior to December 31 of each year when independent actuarial valuations are performed. The following long-term economic assumptions were used in the actuarial valuation of the benefits liabilities.

	2003	**2002**
Inflation	**3.5%**	3.5%
Real future growth in gross wages	**1.0%**	1.0%
Real future increase in health care costs	**1.5%**	1.5%

Adjustments, if any, resulting from the continuous review of entitlements and experience or from changes in legislation and actuarial assumptions or methods are recorded in the current year as claim costs expense together with the actuarial cost of claims for reported and unreported work related injuries that occurred during the year.

Benefits Liabilities Continuance Schedule

	2003							2002
	Short Term Disability	Long Term Disability	Survivor Benefits	Health Care	Vocational Rehabilitation	Future Benefits Administration	Total	Total
	(thousands of dollars)							
BALANCE, beginning of year	$ 122,122	$ 373,225	$ 87,593	$ 127,632	$ 31,224	$ 36,665	$ 778,461	$ 700,463
ADD: Claim costs incurred:								
Current year injuries	58,742	19,635	1,788	44,334	5,439	9,550	139,488	148,385
Prior years' injuries	9,471	40,048	3,692	4,645	(243)	2,052	59,665	72,721
	68,213	59,683	5,480	48,979	5,196	11,602	199,153	221,106
DEDUCT: Claim payments made:								
Current year injuries	23,844	118	–	15,650	97	2,282	41,991	45,958
Prior years' injuries	43,564	38,907	10,231	29,179	5,293	6,672	133,846	133,847
	67,408	39,025	10,231	44,829	5,390	8,954	175,837	179,805
	122,927	393,883	82,842	131,782	31,030	39,313	801,777	741,764
Changes legislated by The Workers' Compensation Amendment Act, 2002	–	–	–	–	–	–	–	36,697
BALANCE, end of year	$ 122,927	$ 393,883	$ 82,842	$ 131,782	$ 31,030	$ 39,313	$ 801,777	$ 778,461

The table below shows the cash flows needed to pay benefits to existing claimants in future years. The cash outflows are the present value of future amounts required to pay benefits and have been determined using the above long term assumptions.

	(thousands of dollars)
2004 - 2008	$ 412,719
2009 - 2013	182,611
2014 - 2018	98,845
2019 - 2023	52,809
2024 - 2028	27,597
2029 and beyond	27,196
	$ 801,777

The following is a reconciliation of the claim benefit liabilities:

	2003	2002
	(thousands of dollars)	
BALANCE, beginning of year	**$ 778,461**	$ 700,463
ADD:		
Provision for current year injuries	**139,488**	148,385
Interest allocated	**54,492**	49,032
Prior years' claim cost experience higher than expected	**21,750**	25,191
Effect of actual cost of living adjustment lower than expected	**(16,577)**	(1,502)
	199,153	221,106
DEDUCT:		
Payments for prior years' injuries	**166,883**	170,809
Claim adjudication expenses for prior years' injury payments	**8,954**	8,996
	175,837	179,805
	801,777	741,764
Changes legislated by The Workers' Compensation Amendment Act, 2002	**–**	36,697
BALANCE, end of year	**$ 801,777**	$ 778,461

10. Deficiency in Assets:

	2003					2002
	Reserves					
	Disaster & Occupational Disease	Second Injury & Re-employment	Economic Stabilization Reserve	Injury Fund	Total	Total
	(thousands of dollars)					
BALANCE, beginning of year	**$ 22,770**	**$ 5,693**	**$ –**	**$ (71,958)**	**$ (43,495)**	$ 49,975
LESS: Expenses over revenues	**–**	**–**	**–**	**(7,872)**	**(7,872)**	(93,470)
ADD (LESS): Appropriation to fund allocations to employers	**9,492**	**13,587**	**–**	**(23,079)**	**–**	–
ADD (LESS): Allocations to employers	**(9,492)**	**(13,587)**	**–**	**23,079**	**–**	–
BALANCE, end of year	**$ 22,770**	**$ 5,693**	**$ –**	**$ (79,830)**	**$ (51,367)**	$ (43,495)

In accordance with its authority under the Act, the Board has established reserves to meet costs arising from any disaster or other circumstances for which the liability would unfairly burden employers. These reserves are appropriated to provide cost relief to employers on claims which meet the reserve criteria and changes to legislated benefit levels, and protection against large fluctuations in the average premium rate.

11. Premiums:

	2003	2002
	(thousands of dollars)	
Gross premiums billed	**$ 189,584**	$ 165,776
Merit rebates	**(13,172)**	(12,519)
Surcharge penalty	**4,570**	4,349
Industry safety associations	**(3,369)**	(3,185)
	$ 177,613	$ 154,421

The Board levies an additional premium on certain industry codes to collect funds which are in turn disbursed to the safety associations representing those industries. In 2003, funds were collected on behalf of and disbursed to the Saskatchewan Forest Industries Safety Association Inc., Heavy Construction Safety Association of Saskatchewan Inc., Saskatchewan Construction Safety Association Inc., Service & Hospitality Safety Association of Saskatchewan Inc., Prairie Implement Manufacturers Association, Saskatchewan Professional Drivers Safety Council Inc., Saskatchewan Association of Health Organizations, C6 Safety Association of Saskatchewan Inc. and Saskatchewan Meat Industry Safety Association.

The Government of Canada is a self-insured employer whose claims are administered by the Board. The Government reimburses the Board for all claims paid out on their behalf plus an administration fee. Gross premiums reported are net of amounts received from the Government of Canada and accordingly claim costs do not include self-insured claims. Monies paid to the Board for reimbursement of these claims is reflected in the Statement of Cash Flows as cash received from premiums and monies paid out relating to these claims are recorded as cash paid out to claimants or third parties on their behalf.

12. Commitments:

The Board has commitments over the next five years for a base level of computer processing, building rental and equipment leasing, as follows:

		(thousands of dollars)		
2004	2005	2006	2007	2008
$ 405	$ 391	$ 364	$ 364	$ 139

13. Measurement Uncertainty:

a) Benefits liabilities

An actuarial valuation of the benefits liabilities as at December 31, 2003 has been prepared by Hewitt Associates, an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate. As disclosed in Note 9, the Board believes that the amount provided for benefits liabilities as at December 31, 2003 is adequate, recognizing that actuarial assumptions may change over time to reflect underlying economic trends and adjudication policies and practices. When they do, it is possible to cause a material change in the actuarial present value of the future benefits.

b) Premium revenue and accounts receivable

Accounts receivable at December 31 include an estimate of the annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Board, the recorded premium revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

14. Employee Future Benefits:

The Board sponsors defined benefit and defined contribution pension arrangements covering substantially all employees. The Board uses actuarial reports prepared by an independent actuary for accounting purposes. The net defined benefit plan revenue is based on extrapolation of the results revealed in the most recent actuarial valuation of the pension plan as at December 31, 2002. The following significant actuarial assumptions were employed to determine the periodic pension expense and accrued benefit obligations:

	2003	2002
Expected long-term rate of return on plan assets	**6.25%**	6.25%
Discount rate	**6.25%**	6.25%
Average rate of compensation increase	**4.50%**	4.50%
Average remaining service period	**8.27 years**	8.27 years
Inflation	**3.00%**	3.00%

The Board's net benefit plan revenue is as follows:

	2003	2002
	(thousands of dollars)	
Current service cost - defined benefit	**$ 303**	$ 279
Interest cost	**1,511**	1,474
Expected return on plan assets	**(1,751)**	(2,203)
Amortization of net actuarial loss	**559**	–
Amortization of net transitional asset	**(878)**	(878)
Net benefit plan revenue	**$ (256)**	$ (1,328)

During the current year, the Board incurred costs of $1,252,000 (2002 - $1,154,000) related to it's defined contribution plan.

Information about the Board's defined pension benefit plan is as follows:

	2003	2002
	(thousands of dollars)	
Accrued benefit obligation		
Accrued benefit obligation, beginning of year	**$ 24,262**	$ 22,489
Current service cost - employer share	**303**	279
Current service cost - employee share	**137**	139
Interest cost	**1,511**	1,474
Changes in assumptions	**–**	1,369
Benefits paid	**(1,051)**	(1,488)
Accrued benefit obligation, end of year	**$ 25,162**	$ 24,262
Plan Assets		
Fair value of plan assets, beginning of year	**$ 28,466**	$ 31,060
Actual return on plan assets	**3,124**	(1,245)
Employer contributions	**–**	–
Employee contributions	**137**	139
Benefits paid	**(1,051)**	(1,488)
Fair value of plan assets, end of year	**$ 30,676**	$ 28,466
Plan surplus	**5,514**	4,203
Unamortized net actuarial loss	**5,537**	7,471
Unamortized net transitional asset	**(5,841)**	(6,719)
Net accrued benefit asset	**$ 5,210**	$ 4,955

15. Related Party Transactions:

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Board by virtue of common influence by the Government of Saskatchewan.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms.

These transactions, and amounts outstanding at year-end, are as follows:

	2003	2002
	(thousands of dollars)	
Accounts receivable	**$ 69**	$ 12
Investments	**7,562**	6,374
Accounts payable	**7,698**	7,449
Premium revenue	**38,310**	32,185
Investment income	**480**	514
Administration expenses	**1,249**	1,539
Claims costs	**13,787**	16,185

In addition, the Board pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other related party transactions are disclosed separately in the notes.

16. Fair Value of Financial Assets and Liabilities:

The following methods and assumptions were used to estimate the fair value of each class of financial assets and liabilities:

(i) For the following financial assets the fair values are considered to approximate quoted market values on recognized stock exchanges, based on the latest bid or transaction prices:
a) bonds and debentures
b) pooled bond fund
c) equities
d) pooled equity funds

The fair value of the pooled bond fund and pooled equity funds is determined by the market value of the underlying investments.

(ii) The fair value of real estate is determined by independent individual property appraisals.

(iii) The carrying value of cash, short-term investments, accounts receivable, accrued interest and accounts payable approximate their fair value due to the relatively short periods to maturity of the instruments.

(iv) It is not practical to determine the fair value of the benefits liabilities due to their long-term nature. The Board does not intend to settle these liabilities in the near term and there is no ready market to determine their fair value.

(v) The carrying value of the annuity fund payable approximates its fair value at December 31, 2003.

17. Contingencies:

Due to the size, complexity and nature of the Board's operations, various legal matters are pending. In the opinion of management these matters will not have a material effect on the Board's financial position or results of operations.

18. Comparative Figures:

Certain comparative figures have been changed to conform to the current year's presentation.

Schedule 1 - Administration Expenses

Year ended December 31, 2003

	2003	2002
	(thousands of dollars)	
Salaries and employee benefits	**$ 24,628**	$ 23,964
Amortization of property, plant and equipment	**4,606**	4,319
Consulting services	**1,546**	1,727
Building operations	**1,153**	1,161
Communications and postage	**962**	1,028
Computer processing	**934**	3,060
Travel and automobile expenses	**925**	841
Printing, stationery and office supplies	**765**	892
WorkSafe Saskatchewan	**590**	32
Professional services	**497**	608
Office rental	**452**	650
Miscellaneous	**405**	755
	37,463	39,037
Less:		
Assessment penalties	**914**	633
Fees charged to Government of Canada	**933**	800
	35,616	37,604
Less:		
Administration costs charged to Future Benefits Administration (note 9)	**8,954**	8,996
	$ 26,662	$ 28,608

Exhibit 1: Statement of Investments

Year ended December 31, 2003

Security	Par Value	Fair Value	Carrying Amount
	(thousands of dollars)		
Government of Canada	$ 162,035	$ 170,344	$ 168,552
Province of British Columbia	10,460	11,289	10,535
Province of Manitoba	5,542	6,027	5,673
Province of Nova Scotia	2,690	2,859	2,697
Province of New Brunswick	1,198	1,288	1,246
Province of Newfoundland	1,874	2,103	1,855
Province of Ontario	20,206	22,157	21,478
Province of Quebec	10,535	11,279	10,874
Province of Saskatchewan	7,463	7,958	7,562
407 International	2,432	2,800	2,518
55 School Board Trust	1,422	1,455	1,421
Aeroports De Montreal	1,097	1,137	1,097
Alberta Capital Fin Authority	2,763	2,790	2,734
Alliance Pipeline	1,746	1,952	1,769
BCE Inc.	1,016	1,106	1,015
BNS Capital Trust	1,883	2,052	1,902
Borealis Enersource	2,120	2,254	2,140
Canada Housing Trust	21,021	21,011	20,990
Canadian Tire	1,350	1,418	1,340
Citigroup Finance Canada Inc.	1,750	1,812	1,754
Column Canada	1,006	1,055	1,006
Falcon Trust Comm. Mtg.	1,008	1,036	1,008
GE Capital Canada Funding Co.	1,294	1,355	1,296
Genesis Trust Power Line of Credit	1,762	1,839	1,797
Glacier Credit Card Trust	1,588	1,602	1,588
Gloucester Credit Card Trust	3,436	3,583	3,460
Golden Credit Card	1,666	1,665	1,666
Greater Toronto Airports Auth.	1,398	1,483	1,397
Greystone Capital Mgmt. Inc.	268	268	268
Hollis Receivables Term Trust	1,725	1,814	1,780
Hydro One Inc.	2,431	2,472	2,439
Investors Group Inc.	1,917	2,104	1,926
Loblaw Companies Ltd.	2,174	2,165	2,165
Merrill Lynch	5,797	6,121	5,842
Milit Air Inc.	1,658	1,741	1,659
N - 45 Degrees 1st CMBS Iss Corp.	834	847	834
Ontrea Inc.	4,870	5,088	4,896
Quebec Finance Corp.	2,084	2,288	2,091
RBC Capital Trust	1,901	1,969	1,901
Royal Bank of Canada	2,238	2,289	2,245
Sun Life Assurance Co.	1,877	2,001	1,918
Swift Trust	2,135	2,273	2,135
Toronto Dominion Bank	2,899	2,981	2,901
Transcanada Pipelines Ltd.	1,374	1,414	1,377
Wells Fargo Financial Canada Corp.	962	1,014	970
York Receivables Trust	1,530	1,537	1,530
KBSH Canadian Corporate Bond Fund		38,399	37,463
Templeton Global Equity Trust		76,085	59,566
Greystone EAFE Plus Fund		46,029	51,039

Security	Par Value	Fair Value	Carrying Amount
		(thousands of dollars)	
Bank of Montreal		13,382	6,829
Bank of Nova Scotia		20,144	9,508
Barrick Gold Corp.		8,600	7,683
Cameco Corp.		9,775	4,185
Canadian Imperial Bank of Commerce		742	740
Canadian National Railway		8,513	5,003
Canadian Natural Resources Ltd.		10,934	5,921
CGI Group Inc.		3,176	3,976
Cott Corp.		3,656	2,563
Decoma Intl.		1,071	1,012
Domtar Inc.		2,803	2,844
Dorel Industries Inc.		1,080	1,210
Encana Corporation		10,580	9,579
Falconbridge Ltd.		691	640
Finning Int'l Inc.		7,047	4,992
Forzani Group Ltd.		1,519	1,701
Loblaw Companies Ltd.		6,082	2,847
MacDonald Dettwiler & Associates		1,333	1,324
Magna Int'l Inc.		10,174	7,016
Manulife Financial Capital Trust		11,299	10,837
Masonite Intl. Corp.		7,311	3,531
Meridian Gold Inc.		3,218	3,481
Molson Inc.		5,754	5,251
National Bank		5,610	4,779
Open Text Corp.		3,056	2,646
Patheon Inc.		1,913	2,473
Penn West Petroleum Limited		6,883	4,520
Petro-Canada		12,861	6,611
Potash Corp of Saskatchewan Inc.		5,944	4,938
Power Corp. of Canada		14,125	9,384
Power Financial Corp.		8,281	3,557
Rona Inc.		931	819
Royal Bank of Canada		17,485	10,509
Saputo Inc.		2,867	2,622
Shoppers Drug Mart Corp.		5,238	4,076
SNC-Lavalin Group Inc.		7,642	4,396
Stratos Global Corp.		1,643	1,651
Talisman Energy Inc.		7,188	4,679
Transcanada Corp.		11,110	8,380
Westjet Airlines Ltd.		3,181	2,712
3M Company		529	524
Alliant Techsystems Inc.		1,255	1,370
Amgen Inc.		1,593	1,168
Anheuser-Busch Co. Inc.		1,089	821
Apache Corp.		1,217	1,003
Autozone Inc.		954	1,078
Bank of America Corp.		1,703	1,355
Best Buy Inc.		910	895
Capital One Financial Co.		1,202	837

Security	Par Value	Fair Value	Carrying Amount
		(thousands of dollars)	
Cardinal Health Inc.		1,594	1,383
Church & Dwight Co. Inc.		694	544
Citigroup		2,448	2,691
Coach Inc.		993	584
Computer Associates International		550	573
Conocophillips		1,132	1,024
Exxon Mobil Corp.		1,070	830
Federal National Mortgage Association		1,632	1,620
Fedex Corporation		1,114	1,136
General Electric Co.		1,424	876
Home Depot Inc.		581	800
Intel Corp.		1,952	2,159
ITT Industries Inc.		1,400	1,367
KB Home		1,525	1,039
Laboratory Corp. of America		1,120	1,294
Lennar Corp.		1,264	831
Lowes Cos. Inc.		1,310	1,321
Microsoft Corp.		2,357	2,106
Mohawk Industries Inc.		1,514	1,596
Nabors Industries Ltd.		979	988
Occidental Pete Corp.		1,239	1,008
Pactiv Corp.		1,393	1,421
Pfizer Inc.		2,054	2,539
Praxair Inc.		1,491	1,204
Procter & Gamble Co.		1,916	2,003
Qualcomm Inc.		1,564	1,128
Symantec Corp.		2,205	1,433
Texas Instruments		1,229	1,398
TJX Companies		403	203
US Bancorp Del		1,642	1,413
Washington Mutual Inc.		955	1,041
3100 Production Way		1,977	1,977
50 Bloor Street West		3,638	3,134
5800-5900 Explorer Drive Mississauga		3,443	3,465
752911 Alberta Ltd.		18	1
Airways III		2,845	2,674
Annacis Island		692	672
Bramalea City Centre		2,700	1,718
Brampton Business Park		3,303	2,956
Bridgeprot Road Equties Inc.		671	671
Circle Properties Ltd.		3,766	3,270
Commerce Valley Office		1,957	1,666
Cordova Equities Inc.		1,953	1,953
Eskimo Equities Inc.		409	367
Ford Credit Canada		1,020	1,008
Glenwood Estates		324	324
Hewlett - Packard		4,101	3,881
Key West		2,432	2,298
KS Equities Inc.		1,292	1,236
Marine Drive		571	557
Pension Fund Realty Ltd.		1	1
Portland Street		1,741	1,702
Rodick Equities Inc.		644	503
Rutherford Properties Ltd.		1,867	1,790
Seven Oaks Equities Inc.		2,670	2,340
Sherwin Road Industrial Park		833	826
Shoppers World		1,111	1,035
Terra Losa Shopping Centre		1,792	1,597
University Equities		1,110	1,108
Victoria Gate		490	490
Westhills Equity Inc.		1,277	1,138
Weyburn Square		1,703	1,227
	$ 312,435	$ 859,997	$ 746,929

Security	Par Value	Fair Value	Carrying Amount
		(thousands of dollars)	
Government of Canada Bonds	$ 162,035	$ 170,344	$ 168,552
Provincial Government Bonds	59,968	64,960	61,920
Corporate Bonds	90,432	93,791	90,775
KBSH Canadian Corporate Bond Fund	–	38,399	37,463
	312,435	367,494	358,710
Templeton Global Equity Trust		76,085	59,566
Greystone EAFE Plus Fund		46,029	51,039
Canadian Equities		264,842	181,425
American Equities		53,196	48,604
		440,152	340,634
Mortgages and Real Estate	–	52,351	47,585
	$ 312,435	$ 859,997	$ 746,929

Exhibit 2: Statement of Investment Dispositions

Year ended December 31, 2003

Interest Rate %	Security	Maturity Date	Proceeds	Carrying Amount
			(thousands of dollars)	
	3100 Production Way	Canadian Equity	$ 14	$ 14
6.050	407 International	July 27, 2009	2,085	2,051
6.400	407 International	February 16, 2004	1,310	1,277
6.900	407 International	December 17, 2007	1,339	1,293
	AGF Management	Canadian Equity	4,200	7,090
7.181	Alliance Pipeline	June 30, 2023	68	68
5.430	Altalink	June 5, 2013	544	527
	American Int'l Group	U.S. Equity	751	478
	Amgen Inc.	U.S. Equity	168	127
	Anheuser-Busch Co. Inc.	U.S. Equity	193	145
	Apache Corp.	U.S. Equity	166	138
	ATI Technologies	Canadian Equity	2,358	4,845
	Autozone Inc.	U.S. Equity	487	546
	Bank of Montreal	Canadian Equity	252	152
	Bank of America Corp.	U.S. Equity	381	292
5.650	Bank of Nova Scotia	July 22, 2008	778	732
	Bank of Nova Scotia	Canadian Equity	3,224	1,756
	Barrick Gold Corp.	Canadian Equity	171	184
	Best Buy Inc.	U.S. Equity	148	143
	Bramalea City Centre	Canadian Equity	2,850	2,299
	Brampton Business Park	Canadian Equity	701	634
	Brinker Int'l Inc.	U.S. Equity	1,341	1,060
	Cameco Corp.	Canadian Equity	2,205	1,327
6.090	Canada Trustco Mortgage	September 13, 2004	1,928	1,859
	Canadian National Railway	Canadian Equity	4,894	3,556
	Canadian Natural Resources Ltd.	Canadian Equity	731	466
4.820	Canadian Tire Receivable Trust	December 20, 2007	1,090	1,056
	Capital One Financial Co.	U.S. Equity	581	427
	Carnival Corp.	U.S. Equity	782	682
	Chevrontexaco Corp.	U.S. Equity	796	924
	Church & Dwight Co. Inc.	U.S. Equity	392	313
6.550	Citibank Canada	July 28, 2005	1,483	1,393
4.050	Citigroup Finance Canada Inc.	January 30, 2006	994	978
	Coach Inc.	U.S. Equity	161	102
	Computer Associates International	U.S. Equity	430	547
	Conocophillips	U.S. Equity	286	297
	Cott Corp.	Canadian Equity	188	153
	Domtar Inc.	Canadian Equity	5,085	5,581
	Encana Corporation	Canadian Equity	446	424
	Eskimo Equities Inc.	Canadian Equity	445	449
	Exxon Mobil Corp.	U.S. Equity	73	62
5.151	Falcon Trust Comm. Mtg.	January 15, 2011	8	8
	Federal National Mortgage Association	U.S. Equity	248	270
	Fedex Corporation	U.S. Equity	339	324
5.750	Financement Quebec	December 1, 2008	1,058	1,039
	Finning Int'l Inc.	Canadian Equity	1,941	1,588
5.150	GE Capital Canada Funding Co.	June 6, 2013	1,285	1,314
5.300	GE Capital Canada Funding Co.	July 24, 2007	1,524	1,461
FR	GE Capital Canada Funding Co.	January 5, 2005	780	780
	General Electric Co.	U.S. Equity	65	39
6.869	Genesis Trust Power Line of Credit	February 15, 2005	1,623	1,581
5.693	Gloucester Credit Card Trust	March 15, 2006	1,986	1,930
3.000	Government of Canada	December 1, 2005	64,421	64,475
3.500	Government of Canada	June 1, 2004	113,275	113,308
3.500	Government of Canada	June 1, 2005	98,446	97,790
4.000	Government of Canada	December 1, 2031	2,120	2,121
4.250	Government of Canada	September 1, 2008	105,467	104,535
4.500	Government of Canada	September 1, 2007	23,192	23,205
5.000	Government of Canada	September 1, 2004	15,516	15,430
5.250	Government of Canada	June 1, 2012	59,808	59,709
5.250	Government of Canada	June 1, 2013	286,692	286,226
5.750	Government of Canada	June 1, 2029	18,476	17,986
5.750	Government of Canada	June 1, 2033	83,639	82,550
5.750	Government of Canada	September 1, 2006	55,841	55,261
6.000	Government of Canada	June 1, 2011	8,870	8,777
7.500	Government of Canada	December 1, 2003	2,260	2,264
5.995	Great West Life Capital Trust	December 31, 2012	1,412	1,357
6.250	Greater Toronto Airports Auth.	January 30, 2012	1,903	1,915
7.100	Greater Toronto Airports Auth.	June 4, 2031	915	942
7.000	Greystone Capital Mgmt. Inc.	October 24, 2007	67	67
	Greystone EAFE Plus Fund	Pooled Fund	2,000	2,196
6.205	Hollis Receivables Term Trust	September 21, 2004	1,986	1,950
	Home Depot Inc.	U.S. Equity	443	797
4.450	Hydro One Inc.	May 4, 2007	1,440	1,398
FR	Hydro Quebec	November 1, 2006	1,800	1,801
	IPSCO Inc.	Canadian Equity	2,401	4,004
	KB Home	U.S. Equity	121	75
	KBSH Canadian Corporate Bond Fund	Pooled Fund	5,150	4,768
	Laboratory Corp. of America	U.S. Equity	552	792
	Lennar Corp.	U.S. Equity	584	455
6.000	Loblaw Companies Ltd.	June 2, 2008	1,137	1,068
6.540	Loblaw Companies Ltd.	February 17, 2033	1,306	1,262
	Loblaw Companies Ltd.	Canadian Equity	2,405	1,285
	Magna Int'l Inc.	Canadian Equity	5,334	4,570
6.700	Manulife Financial Capital Trust	June 30, 2012	1,610	1,511
	Manulife Financial Corp.	Canadian Equity	296	322
	Marriott Intl Inc.	U.S. Equity	304	273
	Masonite Intl. Corp.	Canadian Equity	291	170
	Meridian Business Centre	Canadian Equity	10	16
5.350	Merrill Lynch	November 19, 2007	1,419	1,364
5.660	Merrill Lynch	November 12, 2033	1,435	1,364
	MI Development Inc.	Canadian Equity	1,333	1,322
5.750	Milit Air Inc.	June 30, 2019	65	65
	Molson Inc.	Canadian Equity	998	992
6.600	NAV Canada	December 1, 2006	2,047	1,927
6.000	Nova Gas	January 31, 2008	1,181	1,117
	Occidental Pete Corp.	U.S. Equity	194	188
5.557	Ontrea Inc.	April 9, 2013	1,915	1,773

Interest Rate %	Security	Maturity Date	Proceeds	Carrying Amount
			(thousands of dollars)	
5.700	Ontrea Inc.	October 31, 2011	1,319	1,306
	Parkway Mall	Canadian Equity	1,462	1,779
	Penn West Petroleum Limited	Canadian Equity	587	413
	Petro-Canada	Canadian Equity	305	178
	Power Corp. of Canada	Canadian Equity	365	317
	Power Financial Corp.	Canadian Equity	2,097	1,038
	Praxair Inc.	U.S. Equity	194	179
5.700	Province of British Columbia	June 18, 2029	493	442
FR	Province of British Columbia	June 12, 2007	1,706	1,706
5.250	Province of Manitoba	December 3, 2012	1,160	1,151
5.875	Province of New Brunswick	December 6, 2012	1,409	1,368
8.750	Province of New Brunswick	April 19, 2005	871	838
6.550	Province of Newfoundland	October 17, 2030	736	663
6.400	Province of Nova Scotia	September 1, 2010	1,454	1,353
5.200	Province of Ontario	March 8, 2007	3,912	3,916
5.375	Province of Ontario	December 2, 2012	1,064	997
5.850	Province of Ontario	March 8, 2033	1,357	1,344
6.100	Province of Ontario	December 2, 2011	1,219	1,188
6.200	Province of Ontario	June 2, 2031	1,408	1,399
6.200	Province of Ontario	November 19, 2009	1,410	1,408
7.750	Province of Ontario	July 24, 2006	5,664	5,258
FR	Province of Ontario	February 1, 2006	4,995	4,998
FR	Province of Ontario	May 30, 2008	4,604	4,604
5.500	Province of Quebec	June 1, 2009	579	580
6.000	Province of Quebec	October 1, 2012	3,818	3,621
6.500	Province of Quebec	December 1, 2005	5,388	5,095
5.250	Province of Saskatchewan	December 3, 2012	672	661
	Qualcomm Inc.	U.S. Equity	273	218
	Quebecor World Inc.	Canadian Equity	3,513	5,807
7.288	RBC Capital Trust	June 30, 2010	2,261	2,033
6.750	Royal Bank of Canada	June 4, 2007	1,776	1,658
	Royal Bank of Canada	Canadian Equity	2,377	1,500
	Royal Group Technologies Ltd.	Canadian Equity	1,143	4,073
	Saputo Inc.	Canadian Equity	156	167
	SBC Communications Inc.	U.S. Equity	687	894
	Schering Plough Corp.	U.S. Equity	388	522
	Shoppers Drug Mart Corp.	Canadian Equity	1,959	1,820
FR	Sun Life Assurance Co.	June 30, 2012	744	714
	Symantec Corp.	U.S. Equity	175	120
	Talbots Inc.	U.S. Equity	213	319
	Talisman Energy Inc.	Canadian Equity	259	192
	Texas Instruments	U.S. Equity	436	739
	TJX Companies	U.S. Equity	896	475
6.550	Toronto Dominion Bank	July 31, 2007	2,335	2,204
	Transalta Corp.	Canadian Equity	2,361	3,079
	Transcanada Corp.	Canadian Equity	313	288
	US Bancorp Del	U.S. Equity	152	148
	Victoria Gate	Canadian Equity	10	10
	Washington Mutual Inc.	U.S. Equity	559	569
	Waters Corp.	U.S. Equity	395	766
5.500	Wells Fargo Financial Canada Corp.	June 15, 2007	567	543
	Weyburn Square	Canadian Equity	253	253
			$1,113,893	$1,110,435

Exhibit 3:
Statement of Investment Acquisitions

Year ended December 31, 2003

Interest Rate %	Security	Maturity Date	Par Value	Carrying Amount
			(thousands of dollars)	
6.050	407 International	July 27, 2009	$ 1,952	$ 2,059
6.900	407 International	December 17, 2007	684	754
9.000	407 International	August 15, 2007	503	574
	3100 Production Way	Canadian Equity		1,991
	3M Company	U.S. Equity		524
5.900	55 School Board Trust	June 2, 2033	1,422	1,421
6.611	Aeroports De Montreal	October 11, 2033	1,097	1,097
	Airways III	Canadian Equity		60
5.000	Alberta Capital Fin Authority	December 2, 2013	2,763	2,734
7.181	Alliance Pipeline	June 30, 2023	581	606
	Alliant Techsystems Inc	U.S. Equity		403
5.430	Altalink	June 5, 2013	527	527
	Amgen Inc	U.S. Equity		416
	Anheuser-Busch Co. Inc	U.S. Equity		198
	Apache Corp	U.S. Equity		1,141
	Autozone Inc	U.S. Equity		586
	Bank of Montreal	Canadian Equity		1,113
	Bank of America Corp	U.S. Equity		412
	Bank of Nova Scotia	Canadian Equity		662
	Barrick Gold Corp	Canadian Equity		1,316
	Best Buy Inc	U.S. Equity		1,039
6.626	BNS Capital Trust	June 30, 2012	624	645
6.270	Borealis Enersource	May 3, 2011	454	473
	Bramalea City Centre	Canadian Equity		115
	Bridgeprot Road Equties Inc	Canadian Equity		671
	Brinker Int'l Inc	U.S. Equity		124
	Cameco Corp	Canadian Equity		164
4.100	Canada Housing Trust	December 15, 2008	21,021	20,989
	Canadian Imperial Bank of Commerce	Canadian Equity		740
	Canadian National Railway	Canadian Equity		736
	Canadian Natural Resources Ltd	Canadian Equity		1,887
	Capital One Financial Co	U.S. Equity		438
	Cardinal Health Inc	U.S. Equity		718
	CGI Group Inc	Canadian Equity		668
	Chevrontexaco Corp	U.S. Equity		231
	Church & Dwight Co. Inc	U.S. Equity		218
	Citigroup	U.S. Equity		944
4.050	Citigroup Finance Canada Inc	January 30, 2006	979	978
4.300	Citigroup Finance Canada Inc	August 5, 2008	729	728
	Coach Inc	U.S. Equity		686
	Computer Associates International	U.S. Equity		291
	Conocophillips	U.S. Equity		943
	Cordova Equities Inc	Canadian Equity		1,953
	Cott Corp	Canadian Equity		312
	Decoma Intl	Canadian Equity		73
	Domtar Inc	Canadian Equity		201
	Dorel Industries Inc	Canadian Equity		1,210
	Encana Corporation	Canadian Equity		2,403
	Exxon Mobil Corp	U.S. Equity		183
	Falconbridge Ltd	Canadian Equity		640
	Federal National Mortgage Association	U.S. Equity		234
	Fedex Corporation	U.S. Equity		356
	Finning Int'l Inc	Canadian Equity		838
	Forzani Group Ltd	Canadian Equity		170
5.150	GE Capital Canada Funding Co	June 6, 2013	1,316	1,314
	General Electric Co	U.S. Equity		406
4.444	Glacier Credit Card Trust	November 20, 2008	1,588	1,588
	Glenwood Estates	Canadian Equity		324
4.716	Gloucester Credit Card Trust	May 15, 2008	1,409	1,409
5.590	Gloucester Credit Card Trust	June 15, 2007	627	656
4.159	Golden Credit Card	October 15, 2008	1,666	1,666
3.000	Government of Canada	December 1, 2005	73,415	73,185
3.500	Government of Canada	June 1, 2004	73,113	73,163
3.500	Government of Canada	June 1, 2005	97,671	97,787
4.000	Government of Canada	December 1, 2031	1,678	2,121
4.250	Government of Canada	September 1, 2008	147,512	147,398
4.500	Government of Canada	September 1, 2007	11,668	11,784
5.000	Government of Canada	September 1, 2004	3,375	3,448
5.250	Government of Canada	June 1, 2012	47,849	48,866
5.250	Government of Canada	June 1, 2013	309,502	320,245
5.750	Government of Canada	June 1, 2029	11,650	12,146
5.750	Government of Canada	June 1, 2033	86,372	93,007
5.750	Government of Canada	September 1, 2006	16,200	17,131
6.000	Government of Canada	June 1, 2011	10,525	11,408
7.500	Government of Canada	December 1, 2003	2,185	2,266
8.000	Government of Canada	June 1, 2023	1,600	2,097
6.250	Greater Toronto Airports Auth	January 30, 2012	408	422
	Greystone EAFE Plus Fund	Pooled Fund		860
5.672	Hollis Receivables Term Trust	April 26, 2006	502	525
	Home Depot Inc	U.S. Equity		196
4.000	Hydro One Inc	June 23, 2008	1,413	1,411
4.450	Hydro One Inc	May 4, 2007	1,404	1,397
5.770	Hydro One Inc	November 15, 2012	1,018	1,029
FR	Hydro Quebec	November 1, 2006	1,802	1,801
	Intel Corp	U.S. Equity		717
6.750	Investors Group Inc	May 9, 2011	234	249
	ITT Industries Inc	U.S. Equity		446
	KB Home	U.S. Equity		375
	KS Equities Inc	Canadian Equity		1,203
	Laboratory Corp. of America	U.S. Equity		418
	Lennar Corp	U.S. Equity		496
5.400	Loblaw Companies Ltd	November 20, 2013	886	884
6.000	Loblaw Companies Ltd	June 2, 2008	338	353
6.050	Loblaw Companies Ltd	June 9, 2034	1,288	1,281
6.540	Loblaw Companies Ltd	February 17, 2033	1,255	1,262
	Loblaw Companies Ltd	Canadian Equity		355
	Lowes Cos. Inc	U.S. Equity		1,321
	MacDonald Dettwiler & Associates	Canadian Equity		1,324

Interest Rate %	Security	Maturity Date	Par Value	Carrying Amount
			(thousands of dollars)	
	Magna Int'l Inc.	Canadian Equity		989
	Manulife Financial Corp.	Canadian Equity		1,067
	Masonite Intl. Corp.	Canadian Equity		416
	Meridian Gold Inc.	Canadian Equity		1,012
4.700	Merrill Lynch	September 12, 2008	1,280	1,284
5.245	Merrill Lynch	June 6, 2013	1,622	1,622
	MI Development Inc.	Canadian Equity		1,322
	Microsoft Corp.	U.S. Equity		613
	Mohawk Industries Inc.	U.S. Equity		530
	Molson Inc.	Canadian Equity		376
5.667	N - 45 Degrees 1st CMBS Iss Corp.	November 15, 2013	834	834
	Nabors Industries Ltd.	U.S. Equity		988
	National Bank	Canadian Equity		4,779
	Occidental Petc Corp.	U.S. Equity		305
5.557	Ontrea Inc.	April 9, 2013	6,643	6,669
	Open Text Corp.	Canadian Equity		182
	Pactiv Corp.	U.S. Equity		305
	Patheon Inc.	Canadian Equity		2,380
	Penn West Petroleum Limited	Canadian Equity		720
	Pension Fund Realty Ltd.	Canadian Equity		1
	Petro-Canada	Canadian Equity		1,914
	Pfizer Inc.	U.S. Equity		616
	Potash Corp of Saskatchewan Inc.	Canadian Equity		4,938
	Power Corp. of Canada	Canadian Equity		552
	Praxair Inc.	U.S. Equity		405
	Procter & Gamble Co.	U.S. Equity		508
5.700	Province of British Columbia	June 18, 2029	659	681
5.750	Province of British Columbia	January 9, 2012	1,994	2,085
10.000	Province of Manitoba	May 15, 2011	1,087	1,441
4.400	Province of Ontario	November 19, 2008	1,650	1,641
5.200	Province of Ontario	March 8, 2007	3,735	3,929
5.375	Province of Ontario	December 2, 2012	995	997
5.850	Province of Ontario	March 8, 2033	1,358	1,344
6.100	Province of Ontario	December 2, 2011	4,707	5,043
6.100	Province of Ontario	November 19, 2010	2,332	2,593
6.200	Province of Ontario	June 2, 2031	1,527	1,655
6.200	Province of Ontario	November 19, 2009	1,307	1,413
7.600	Province of Ontario	June 2, 2027	1,307	1,599
FR	Province of Ontario	February 1, 2006	3,289	3,293
FR	Province of Ontario	May 30, 2008	4,604	4,604
5.500	Province of Quebec	June 1, 2009	6,208	6,450
6.000	Province of Quebec	October 1, 2012	1,133	1,191
6.400	Province of Saskatchewan	September 5, 2031	1,669	1,850
	Qualcomm Inc.	U.S. Equity		1,346
5.812	RBC Capital Trust	December 31, 2013	1,901	1,901
7.288	RBC Capital Trust	June 30, 2010	656	720
	Rona Inc.	Canadian Equity		819
FR	Royal Bank of Canada	November 4, 2018	2,238	2,215
	Royal Bank of Canada	Canadian Equity		566
	Seven Oaks Equities Inc.	Canadian Equity		16
	Shoppers Drug Mart Corp.	Canadian Equity		355
	SNC-Lavalin Group Inc.	Canadian Equity		630
	Stratos Global Corp.	Canadian Equity		1,651
FR	Sun Life Assurance Co.	June 30, 2012	1,021	1,067
	Symantec Corp.	U.S. Equity		572
	Talisman Energy Inc.	Canadian Equity		792
	Templeton Global Equity Trust	Pooled Fund		1,589
	Texas Instruments	U.S. Equity		775
	TJX Companies	U.S. Equity		40
5.690	Toronto Dominion Bank	June 3, 2013	1,612	1,614
6.550	Toronto Dominion Bank	July 31, 2007	659	712
FR	Toronto Dominion Bank	September 5, 2008	1,287	1,287
	Transcanada Corp.	Canadian Equity		975
5.650	Transcanada Pipelines Ltd.	January 15, 2014	1,374	1,377
	University Equities	Canadian Equity		1,107
	US Bancorp Del	U.S. Equity		1,358
	Victoria Gate	Canadian Equity		499
	Washington Mutual Inc.	U.S. Equity		569
5.500	Wells Fargo Financial Canada Corp.	June 15, 2007	442	460
	Westjet Airlines Ltd.	Canadian Equity		2,712
4.272	York Receivables Trust	July 21, 2008	1,530	1,530
			$1,007,465	$1,109,773

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